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# West Europe Report

(FOUO 59/81)



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THEATER FORCES

UNITED KINGDOM

UK JOURNALIST: WEST MUST MAINTAIN BALANCE OF FORCES

PM051257 London THE TIMES in English 5 Nov 81 p 10

[Report by Arigo Levi: "A Personal View"]

[Text] Europe's peace marches and supporters of nuclear disarmament would be more credible and convincing if they simultaneously preached the strengthening of NATO's conventional forces.

General Rogers, the supreme allied commander in Europe, once defined the present NATO strategy as a "delayed tripwire strategy." Theoretically NATO has had, for a number of years, a strategy of "flexible response."

This would require NATO to be able (and to be seen to be able) to answer a Soviet attack at any level. But we actually lack that capability due to many weaknesses in reserves, manpower, ammunition as well as to the fading of our former qualitative superiority.

Today, NATO would hardly be able to resist a "second echelon" conventional attack without having to employ some tactical nuclear weapons.

At present the Soviet Union enjoys superiority in the field of theatre nuclear weapons. That should, however, be taken care of either by the construction and deployment of NATO's new TNF weapons, the cruise and Pershing 2 missiles, or by a successful negotiation reducing, possibly even to zero level, Soviet and Western weapons of that kind.

I believe that, in spite of the efforts of the peace marchers and unilateralists (if their views were to prevail, there would be no chance of cancelling Soviet superiority), the key countries in Europe--Italy, Germany and Britain--will not abandon their plans to acquire the new weapons. By so doing, they will create the necessary precondition for a serious attempt to bring under control these terrifying weapons.

But even if that happens, there would remain a dangerous imbalance, to the West's disadvantage, on the central front. Indeed, NATO's inferiority would become even more glaring once the problem of TNF were out of the way.

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We know everything about NATO's "conventional" inferiority. To compensate for that we have always counted upon our relative superiority in tactical nuclear weapons, as well as in the global strategic power relation. We have now lost that superiority.

The new "Euromissiles" would have represented, as a matter of fact, "an additional American strategic option against the Soviet Union, on top of America's strategic triad." I quote from Gregory Treverton's recent ADELPHI paper on "Nuclear Weapons in Europe."

It may still be worth doing without them, in order to eliminate or reduce the number of Soviet SS20s; but America's possibly temporary relative inferiority in strategic weapons would then be more manifest to all.

But even in the field of tactical nuclear weapons, as shown by the above quoted paper, the modernization of Soviet shorter-range nuclear weapons (tactical missiles, nuclear-capable fighters and medium bombers), has counterbalanced NATO's former superiority.

In Gregory Treverton's conclusion, this new situation "may give rise to the possibility that NATO would either be deterred from using (tactical) nuclear weapons in a losing conventional conflict, or that NATO's existing nuclear delivery systems would be destroyed before they could be used."

Another quite new ADELPHI paper by Desmond Ball (a piece of superb research, with the title: "Can Nuclear War Be Controlled?"), shows convincingly that it is not reasonable to expect that control can be kept and that all-out nuclear war can be prevented, once strategic weapons are used (except, perhaps, for "small, carefully conducted attacks" for demonstration purposes).

But even the use of tactical weapons on Europe's central front, which would produce fatalities ranging from two to one hundred million, would give rise to an almost uncontrollable and unthinkable situation.

In such circumstances, NATO's present "delayed tripwire strategy" may come to lack the minimal necessary credibility.

So, even if it remains true, as "military balance" of the institute of strategic studies keeps on saying year after year, that "the overall East-West balance in Europe is still such as to make military aggression appear unattractive" since "the consequences for an attacker would be incalculable" the awareness that a relative imbalance exists could have dramatic psychological and political consequences at the time of a confrontation between East and West.

This could increase the ever-existing danger of a miscalculation leading to nuclear war. In conclusion: If a certain degree of control must be kept on nuclear weapons, so as not to foreclose the chance for future generations to achieve disarmament, we must maintain a clear, undeniable balance of forces in all fields, starting with conventional forces. This is the only rational though costly answer to the present upsurge of nuclear fears in Western Europe.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

MATTHOEFER OPTIMISTIC ON EFFECTS OF 1982 FINANCIAL POLICY

Hamburg CAPITAL in German Oct 81 pp 12-13

[Interview with FRG Minister of Finance Hans Matthoefer: "Change in Exchange Rate"]

[Text] In the opinion of Minister of Finance Matthoefer, the German mark is showing new strength thanks to increased exports and future investments. It presents an opportunity for the German Bundesbank to consider a reduction in interest rates.

CAPITAL: Herr Matthoefer, your tanned face seems to be an indication that the minister of finance survived the dispute about austerity measures for the 1982 budget without any apparent wear and tear.

Matthoefer: Nobody wanted to believe me when I predicted that in the end the coalition government would emerge united from the discussion, although one interesting round is still to come when the Bundesrat will have its say.

CAPITAL: Apparently there is little danger that the Union states will force you to accept an employment program in the Bundesrat, something which you denied your own party.

Matthoefer: That is not quite correct. After all, we not only saved money, but we also created tax incentives within a framework which permits additional medium-term investments that may go as high as 2-billion digit figures.

CAPITAL: But it is not an employment program that will be financed through tax increases, something that was also demanded by the cabinet.

Matthoefer: All my life I have taken pains to avoid word fetishism. Nevertheless, it is irrefutable that the fiscal policy of the Federal Government will contain employment impulses. They will be inherent in the 1982 budget and the laws which accompany it.

CAPITAL: It is a conservative fiscal policy, bearing the mark of the Social Democratic Hans Matthoefer.

Matthoefer: If that is the way you want to put it, it is all right with me. I am continuously asking myself the question: Whatever you are doing, is it sensible?

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CAPITAL: In your opinion, what is sensible?

Matthoefer: The current economic situation must be taken into consideration and the realization that employment cannot be guaranteed solely and exclusively through fiscal and budgetary policies. Other elements, particularly interest rate policies, play a much more decisive role than was the case even a few years ago.

CAPITAL: According to one of your old and frequently repeated sayings, a reduction in the interest rate is the best economic program....

Matthoefer: ...which makes sense. Investment decisions are certainly affected by interest rates, and it makes a difference whether they are 14 or 6 percent.

CAPITAL: And at the present time you cannot offer a more favorable alternative to the 14-percent rate.

Matthoefer: Right, the decisive disturbing factor is the deficit in our balance of payments. We have to keep our interest rates high to prevent the outflow of capital to foreign countries on top of foreign-exchange payments for our balance-of-payments deficit....

CAPITAL: ...which happened in the past and contributed to the strong decline in the value of the German mark....

Matthoefer: ...and we have to keep our interest rates high to attract foreign capital to Germany to compensate for the outflow of foreign exchange and remain competitive with high American interest rates. It is working right now. If, moreover, the balance-of-payments deficit decreases--either because of an increase in exports or a decrease in oil imports--the Bundesbank may consider a reduction in interest rates.

CAPITAL: But did you not forget something? Paul Volcker, the president of the American Federal Reserve Bank, just announced that the phase of high interest rates in his country will have to continue for a while.

Matthoefer: I admit that the high level of American interest rates is a problem for us, but it is not the only one and not the most important one. There is a slight indication that the German mark is beginning to regain strength; the German mark is enjoying international confidence--the most recent influx of capital is proof of it--which is occurring in spite of the fact that there is a difference of approximately 5 percent in the interest rate, when compared to the United States.

CAPITAL: What are the reasons for this confidence?

Matthoefer: We all put in a lot of effort to put our house in order. The fact that we are trying very hard to bring about price stability, although it is difficult for us to avoid certain inflationary pressures because we import 30 percent of our commodities and their prices have risen 20 percent, is one of the reasons.

CAPITAL: Another reason is the fact that the German mark is undervalued. As long as the U.S. interest rates are high, the dollar will be at a premium.

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Matthoefer: It depends on many other imponderables, for instance, whether the optimism will last about the economic policy of the Reagan administration, whether the Americans will actually be able to bring down their high rate of inflation, effectively reduce unemployment and whether the United States will be able to maintain the surpluses in its balance of payments.

CAPITAL: And if this is not the case?

Matthoefer: I would have an immediate effect on the exchange rate of the German mark. Because the consequence might be a reversal in the flow of capital.

CAPITAL: In other words, it would flow back to Germany.

Matthoefer: Under certain conditions it would occur very rapidly, because a currency that is suspected of being revalued attracts the interest of international investors.

CAPITAL: If that should be the case, the German mark would rise as quickly as it fell.

Matthoefer: Nevertheless, we will have to make sure that the German mark does not rise too fast. The Americans, who are still leading in technology, have lower wages and social expenditures. If the exchange rate of the dollar should drop sharply, the combination—leading technology, low wages and an undervalued currency—would under certain circumstances have disastrous effects on our exports.

CAPITAL: Is that not an exaggerated interpretation?

Matthoefer: Nobody is able to predict the future, but one must be prepared for all eventualities.

CAPITAL: We have seen in the past that substantial dollar fluctuations within a short period of time have disadvantageous effects on the world economy. In your opinion, is there a possibility that the German mark can be made independent from a volatile dollar.

Matthoefer: We are using the opportunities that are available to us. The key word is: Elimination of the balance-of-payments deficit. There is only one component which we will not be able to influence—the American monetary and economic policy. We have to leave fluctuations in exchange rates to the markets. Furthermore, the note-issuing banks are in agreement that they must prevent wild jumps in exchange rates through intervention, and they are doing it. Nevertheless, we all are not strong enough to apply the means of intervention against any change in the exchange rate. I do not even think that it is desirable, because it must be regulated by the market.

CAPITAL: Looking at the matter realistically, where will the German mark be in 1982, considering the conditions you mentioned?

Matthoefer: A preliminary remark: I was one of the few people who predicted a revaluation of the dollar during the 1979 World Currency Conference in Belgrade. Because at that time the dollar was undervalued.



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CAPITAL: Now it is overvalued.

Matthoefer: Yes. But it cannot be permanent that a currency can rise so high of a country that is experiencing an inflation rate which is up to 8 percent higher when compared to the FRG. The foreign and the domestic value of the dollar are no longer in agreement. I predict a change in 1982.

CAPITAL: The German mark will rise again.

Matthoefer: I believe so.

CAPITAL: Interest rates will decline.

Matthoefer: I hope so.

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ECONOMIC

SPAIN

1982 BUDGET TO RESULT IN HIGHER DEFICIT, INFLATION

Madrid CAMBIO 16 in Spanish 12 Oct 81 p 67

[Article: "Stopgap Budgets"]

[Text] The government has now introduced to Parliament its proposal for public revenue and expenditures for 1982: a state budget which amounts to 3.5 billion pesetas, and another 2.4 billion pesetas for social security. In all, the expenditure amounts to nearly 6 billion pesetas, which cannot be covered by taxes and other revenue anticipated by the public treasury. Hence the 1982 budget has come into existence with a deficit of 698 million pesetas, although many experts agree that the "red figures" may actually reach a billion pesetas.

In submitting these voluminous accounts, the minister of finance, Jaime Garcia Anoveros, stated: "These budgets are a reflection of the crisis being experienced by the country on the one hand, and the government's economic policy and the agreements reached with the social and political forces in the areas of employment, autonomies, local corporations and industrial restructuring, on the other."

To seal gaps caused by the serious economic crisis and to respond to the labor, autonomous and municipal consensus are the bases for this 6 billion pesetas that will come out of the taxpayers' pockets next year, and the justification for a high deficit, which is of particular concern to business owners and to the government itself. "We would have liked to submit a lower deficit, but in order to do so it would have been necessary to increase the tax pressure further, which does not seem reasonable, or to fail to meet urgent needs caused by the crisis, which does not seem possible either."

On the revenue side, the Finance Ministry has taken care not to increase the tax pressure greatly (0.6 percent), indicating that Spaniards will pay only about 40 million pesetas more in 1982 than this year, in taxes, and that the greatest revenue will come from an improvement in tax administration. To encourage the taxpayer, next year the exemptions for families will increase (2,000 pesetas more for wives and children), and savings will be given an impetus.

The crisis bears a large share in the item of expenses. To improve the coverage of the unemployed, as was pledged in the National Accord on Employment (ANE) entails 184 million pesetas for the INEM (75 percent more than this year). Another 358 million pesetas will go to social security, to ease the burden of business firms

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and workers in their finances. The public enterprises will receive 184 million, while 32.7 million will have to be allocated for the reconversion of sectors in a state of crisis. The territorial entities will receive 194 million, and an additional 161 million pesetas will be shared between town councils and chambers of deputies.

The black area of the budget is still, for another year, the deficit, and its financing in particular. That 698 million will be financed with a long-term public debt (127 million), a foreign debt (100 million), a short-term public debt (120 million) and a mere appeal to the Bank of Spain, which will give it the "little money machine" to make up the remaining 350 million. This could increase inflation, while at the same time the public debt is a risk for the procurement of sufficient financing on the part of business firms.

## The Distribution of the Budgetary Pie (millions of pesetas)

Sections	Personnel Salaries	Investments	Other Expenses	Total
Household of His Majesty the King	-	-	255	255
General Cortes	2,312	-	1,583	3,895
Office of the Controller of Currency	209	5	25	239
Constitutional Court	283	37	124	444
Council of State	175	5	32	212
Public Debt	-	-	132,496	132,496
Retirees	224,844	-	48,692	273,536
Judicial Branch General Council	232	-	134	366
Presidency of the Government	53,094	992	17,814	71,400
Foreign Affairs	7,224	774	9,700	17,698
Justice	30,506	10,783	17,959	59,248
Defense	207,520	123,911	77,851	409,282
Finance	23,393	688	14,030	38,111
Interior	135,433	19,886	11,363	166,682

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Sections	Personnel Salaries	Investments	Other Expenses	Total
Public Works and Urban Development	25,442	53,880	90,552	169,874
Education	303,075	316	181,974	485,365
Labor, Health and Social Security	30,437	2,210	626,384	659,031
Industry and Energy	3,120	1,137	138,052	142,309
Agriculture and Fishing	10,219	3,010	116,600	129,829
Economy and Commerce	6,234	4,761	6,736	17,731
Transportation, Tourism and Communications	63,265	21,151	143,597	228,013
Culture	9,460	6,699	14,127	30,306
Territorial Administration	697	11	741	1,449
Ministerial Foreign Exchange Expenses	45,818	3,038	40,395	89,251
Territorial Entities	-	-	194,098	194,098
Interterritorial Compensation Fund	-	89,616	90,384	180,000
Industrial Reconversion	-	-	32,700	32,700
Total	1,183,012	342,910	2,007,898	3,533,820

## How the State Spends Our Money

Item	1982 Budget	1981 Budget	Increase (%)
Personnel salaries	1,203,846	1,062,672	13.28
Assets	980,200	863,166	13.55
Liabilities	223,646	199,506	12.09
Goods and services	135,494	112,409	20.53
Defense	61,851	47,217	30.99

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Item	1982 Budget	1981 Budget	Increase (%)
Others	73,643	65,192	12.96
Interest	83,891	57,267	46.49
Current transfers	1,247,756	877,240	42.23
Social security	358,499	216,870	65.30
Unemployment	174,400	100,000	74.40
Territorial entities	167,353	135,760	23.27
Civil War pensions	48,693	24,382	99.70
Enterprises and OAC	184,913	136,902	35.06
Free education	72,454	57,299	26.44
FORPPA [Fund to Regulate Farm Products and Prices]	34,174	22,982	48.69
Others	207,270	183,045	9.39
Total current operations	2,670,987	2,109,588	26.61
Real investments	342,987	271,806	26.18
Capital transfers	486,652	392,689	21.24
Total capital operations	829,639	664,495	24.85
Various financial assets	19,288	18,594	3.73
Various financial liabilities	58,086	30,523	90.30
Total financial operations	77,374	49,117	57.52
Grand total *	3,578,000	2,823,200	26.73

\* The 1982 Budget has increased in the estimate of expenses that had to be met owing to the transfers of authority to the Basque Country.

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

BIEDENKOPF, GEISLER ESPOUSE NEW CDU OSTPOLITIK

Hamburg STERN in German 15 Oct 81 p 256

[Article by Werner P. D'hein and Uwe Zimmer: "Fond Greetings to Moscow"]

[Text] Biedenkopf and Geissler are espousing a new CDU ostpolitik, but party chief Kohl is still hesitant.

General Secretary Heiner Geissler and his predecessor behind the party manager's desk, Kurt Biedenkopf, have climbed aboard the same boat. The two prominent Union politicians, who once were rivals, have been putting their heads together and conspiring behind the back of opposition leader Helmut Kohl to get the CDU moving instead of waiting around for the SPD/FDP alliance to collapse.

Geissler and Biedenkopf want to kindle a discussion of subjects that have thus far been taboo. Kohl's rival as the next candidate for the chancellorship, Kiel's Minister-President Gerhard Stoltenberg, intends to support the party's internal confrontation course; he gave assurances to this effect in a confidential meeting a week ago Sunday. Berlin Governing Mayor Richard von Weizsaecker is also in on it. Startled by the great response engendered by the new peace movement in the FRG, this self-proclaimed philosophical vanguard's first resolve is to lead the Union to a new ostpolitik.

Geissler's longer-range perspective is this: "We have a real chance with the voter only if we can sell people on two things: The CDU can get along with the trade unions and with the Russians." He and Biedenkopf worked together on a main motion for the upcoming CDU Party Congress in Hamburg expressing the CDU's readiness "for a continuous exchange of ideas and information with the Soviet leadership." The document, approved in the meantime by the party's executive committee, is not content with the Union's previous formula of "observance of existing treaties"; instead, it subscribes to "further concrete steps designed to improve and expand cooperation in economic, scientific, technical and cultural spheres" with the Warsaw Pact states. Says Biedenkopf: The Soviet Union must not remain "a black hole" to the Union.

These new accents come at an inconvenient time for Kohl -- now on a trip to the United States -- because he wants to represent himself and the Union to President Reagan as the only solidly loyal partner in the alliance. Kohl's entourage believes that advances made to Moscow just at this time would have "to be perceived by our American friends as a slap in the face."

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Although Kohl does meet regularly with Eastern diplomats -- from East Berlin's resident minister, Moldt, to Moscow's Ambassador Semyonov, with whom Kohl spent 3½ hours over dinner last week -- he leaves "no doubt, even with these gentlemen, that a government headed by him" would stand "unswervingly at the side of the United States," according to a close Kohl associate.

President Reagan noted Kohl's vow of loyalty with satisfaction and appreciation, but America's leaders intend to avoid any impression of encouraging a change of governments in Bonn, let alone a Chancellor Kohl. The CDU chief is an unknown quantity for the Reagan administration. The Republicans in the White House are far more familiar with leading CDU politicians experienced in the ways of the United States -- people like Walther Leisler Kiep, Manfred Woerner, Kurt Biedenkopf and Richard von Weizsaecker.

A week ago Monday, when SPD Chairman Willy Brandt had to wait for some time in U.S. Secretary of State Alexander Haig's anteroom, Reagan adviser Lawrence Eagleburger had the guest from Bonn brief him on the situation in the Union. Eagleburger said that people know "absolutely nothing here" about whether the CDU has as much of a problem with its young people as the SPD, and where the younger Union generation stands on issues like peace and armament. The American gave sober consideration to Brandt's report to the effect that the young people are deserting the Union -- chiefly because the Union is making light of the peace movement in the FRG, is indeed largely ignoring it.

The Americans would have to be even more sober in assessing the results of an opinion poll circulating secretly in Bonn. According to the study, only one out of three CDU/CSU voters thinks it is better for the United States to have a greater defense capability than the Soviets; 61 percent of Union voters favor immediate disarmament negotiations with no attendant arms modernization. One out of every three CDU supporters would even forgo the modernization if negotiations should come to a standstill, since "the West is strong enough as it is." And 50 percent favor depending on the United States militarily but not socially.

Numbers like these support Geissler and Biedenkopf in their opinion that a more critical distance with respect to the policies of the United States as an alliance partner could do no harm. They intend to direct the Union's attention to the fact that "we definitely also have interests in common with the Soviet Union and the other East European countries" (Biedenkopf). Says Geissler: "It isn't enough just to keep on counting missiles and bombs."

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POLITICAL

ITALY

REACTIONS IN PSI AGAINST CRAXI'S 'DICTATORIAL' METHODS

Milan PANORAMA In Italian 10 Aug 81 pp 32-34

[Article by Filippo Ceccarelli: "Autocraxi"]

[Text] He decides, he does and undoes without listening to anyone, just like an absolute boss. But the despotic methods of the PSI secretary, Bettino Craxi, are beginning to provoke reactions. And not only within a small minority of the party.

"And I still represent it." For the fifth time in a row in less than 2 months. Despite four failures.

For Bettino Craxi, for exactly 5 years the head of the PSI, the socialist jurist Federico Mancini is the best possible candidate for the constitutional court. But above all he is "his" candidate and therefore he cannot lose. He must not lose. The treacherous allies of the government who promise their support and then do not keep their word, they do not scare him. Still, he is worried about the snipers harbored by the PSI.

No socialist, none at all, at any level, can interfere in the matter. If the PSI, now, were to change its mind and present another professor instead of Mancini, it would simply be because Bettino has changed his. He alone.

These are Bettino Craxi's rules for the PSI. "Autocraxi," as someone has already called it.

On the very same day, Thursday the 30th, a few hours before the 42 members of the socialist leadership met, a raised eyebrow on the part of the secretary was enough to cause the failure of a project which they had been talking about within the PSI for years: the creation of an executive committee, a more flexible and smaller executive body (at most 7 to 9 members) intended as the first step of the organizational restructuring of the party of the carnation. They wanted it to be 15. Too many. And everything was blocked. So strong is Craxi: he has governed alone up to now, he can continue very well this way.

That the leader of the Italian Socialists has a rough and authoritarian way of making policies is certainly not a revelation. But the fact is that for some time his political style has become even more radical. And within the PSI there are quite a few, not only among the adversaries of the left, but also among the friends of the inner majority (72 percent), who consider with some concern the current record of the secretariat and who are stirring up grumbling and intolerance with the PSI,



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at the center as well as on the periphery. Up to now, the Craxi style had only brought advantages to the party. First of all, in the area of socialist leadership, it had practically solved one of the most delicate problems of the PSI: political indecision and slow progress. "There is no doubt," maintains Gennaro Acquaviva, the head of Craxi's political secretariat, "today, the PSI is the party with the greatest capacity for decision." More manageable than any other, with dissension reduced to the minimum.

Furthermore, it is Craxi who decides the electoral line, supervises the lists of candidates, resolves the delicate local situations. It is Craxi who writes and has others write in AVANTI, who decides whether to respond and how to respond to the other parties. It is Craxi who chooses the dates, prepares the Palermo congress and who officiates. Furthermore, it is Craxi who alone sees to international contacts, Craxi who intends to change for the nth time the symbol of the PSI (the hammer and sickle, which are already hidden, would completely disappear).

After the Palermo plebiscite, with his direct investiture as secretary by almost three fourths of the delegates, and especially after having led the PSI to success in the recent administrative elections, Craxi has had some justification for making his own power even more absolute within the party and protecting that style of governing which Michele Achilli, the leader of the extreme internal left, is one of the few to have the courage within the PSI to define publicly as despotic. But the autocratic model does not always benefit the party's own image. Especially, when Craxi's broadsides serve to confirm Silvano Labriola (in the lists of the P2 of Licio Gelli) as head of the socialist group in Montecitorio; to cause to fall on his feet the former minister Enrico Manca (another suspicious P2) procuring for him the office of president of the Chamber's Industry Committee; to torpedo Franco Reviglio as minister of Finance (an old grudge); to force on the groups, without even dreaming of consulting them, the candidacy of Federico Mancini.

Even the lack of interest which he demonstrates toward the traditional structures of the party enters into the laws of autocraxi. In April 1980, when the socialists returned to the government, the sections on economy, organization, problems of state, health and women's rights have been without leadership. The old PSI apparatus, of "morandiana" origin, is falling to pieces and nothing specific seems destined to substitute for it.

"The result is that the PSI intervenes only on the questions which interest the secretary. There is no position, for instance, on the current government-union confrontation," accuses Achilli. Luigi Covatta adds thoughtfully from the left: "The almost [translation unknown] zeal for lack of organization is certainly a function of the Craxi philosophy. The trouble is that it has negative consequences in the internal life. It discourages political debate, certainly damages the selection and the formation of new leadership.

It is a fact, for instance, that in the last government, to place a capable and aggressive man as minister of Finance, Craxi had to select Rino Formica who had already been chosen by the deputy secretariat of the party, precisely with the task of watching over reorganization and the education of new cadres.

Authoritarianism, self-confidence, a touch of arrogance. In a party governed according to these principles, it is natural then that every slip, every old style

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agreement should clash and stand out much more than in the past. That is the embarrassing situation in which the Central Committee of the PSI finds itself. In Palermo, on the last night of the congress, in the climate of a brawl, which is always present on these occasions, a glaring mistake was made: the delegates approved a list of candidates in which had been forgotten six authoritative leaders, among them the minister of Transport, Vincenzo Balzamo.

Now the six excluded candidates are trying desperately to have the mistake corrected. But the trouble has not been resolved. Bettino Craxi has not yet found time to think about it.

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POLITICAL

SPAIN

GONZALEZ SUPPORTS GOVERNMENT DESPITE DIFFERENCES

Madrid CAMBIO 16 in Spanish 21 Sep 81 pp 34-37

[Interview with Felipe Gonzalez, secretary general of the Socialist Party, on Calvo Sotelo's government, by correspondent Jose Manuel Arija; date and place not given]

[Text] Whether the government governs or not creates fictitious problems for the citizens, according to Felipe Gonzalez in his interview with CAMBIO 16. The socialist leader cannot understand how, after a few months--from March to July--of negotiations and agreements to resolve the state's problems, at the return of summer politics are again fraught with tensions among the parties and a crisis in the centrist party and its government.

The NATO discussion, the letter from the Soviet Embassy, the statements made by Ferrer Salat and the next PSOE [Spanish Socialist Workers Party] congress are other subjects on which the secretary general of the Socialist Party will comment. 1982, which in the opinion of Felipe Gonzalez could be a year of calm dedicated to the solution of problems and the routing of coup attempts and terrorism, is now obscured by groundless confrontations.

Two letters are on the socialist leader's table: that of President Calvo Sotelo's response to the centrist accusation that the PSOE was maintaining secret agreements with the USSR and the astonishing note from the Soviets on Spain's entrance into NATO. Also the recent speech given by Ferrer Salat, president of the employers' association. "I would say that Mr Brezhnev and Ferrer Salat are alike in their intentions to damage the socialists," and a relaxed Felipe Gonzalez laughs at his joke with his morning cigar in one hand and a cup of coffee in the other.

Felipe Gonzalez [FG]: President Calvo Sotelo's letter of response is respectable and respectful and a denial of any poisoning of that type. However, in the last analysis, the slandering has been done and the affair is in the hands of our attorneys. Now with more reason than ever, after Soviet interference in Spain's internal affairs, which, it seems, was not expressly intended to favor the interests of the Right.

CAMBIO 16 [C16]: Do you get along better with Calvo Sotelo than, previously, with Suarez?

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FG: I have had important conversations with Calvo Sotelo for our mutual knowledge and, I believe, in the country's interest. The talks were not devoid of difficulties, both in substance and style, and even relative to negotiation, for, on one occasion, it was plain to see how the interests of the UCD [Democratic Center Union] were put on the table.

In any case, the level of communication and understanding was reasonable. Not much better than with Suarez. With Suarez relations deteriorated for various reasons; one of these was that the agreements reached were not kept. However, he is quick to judge people and interested in knowing if the agreements on employment and self-employment will be carried out.

C16: What are the best and worst features of the president of the government and his cabinet?

FG: I should like to describe what has happened in the past few months. I am astonished and concerned about our present situation, for September is a month in which we are again speaking of a government crisis; just as the school year is now scheduled to begin, so is the government now scheduled to take off, and talk reverts to crisis, simply because it is September.

C16: What is at the root of your astonishment and concern?

FG: After the vote of investiture and the events of 23 February, the logical description of the political process is simple: First, there is a socialist government offer of a broad majority to protect the executive branch from attacks of violence and involvement and endow it with the strength necessary to defend the democratic institutions. That offer by the PSOE is refused.

To continue, the government offers a negotiating policy on state matters which the PSOE accepts and supports in its entirety, not only participating but also frequently offering a work method, program and time span for carrying out projects. Therefore, my party is playing a role in the strengthening of our institutions which no one can deny and which gives me the right to say what follows.

From February to July, the government has had: an economic policy partially carried out through an agreement with the social forces--namely, the National Agreement on Employment--where there are no attacks by leftist forces against the government, and agreements on the subject of self-employment which will enable the government to adopt a political program to confront what has rightfully been called the major problem of the democratic state.

In addition, in the struggle against violence, the government has the explicit and implicit support of all the country's democratic forces. This means that the government can concentrate all its forces on combating coup attempts and terrorism.

I believe that with the program I have just outlined, which affects 36 million Spaniards, governing properly means being able to govern Spain by successfully facing up to its major problems. With that political capital accumulated by the government and--I am not betraying a trust in saying so--by President Calvo Sotelo, the month of July ends.

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And September opens with an absolutely forced and fictitious confrontation with subjects such as NATO, or private television, when there is an Executive branch with a possibility of stabilizing his regime by the end of 1982? Let them come and explain that to me. For I am able, through my behavior and that of my party, to demand that the government govern. Let them concern themselves with the resolution of Spain's problems, the real ones, and let them take us on to 1983 or until the next elections which must be--and I believe they should be in 1983--held in peace and tranquillity. May no false problems be invented.

Cl6: But NATO and private television are also important problems.

FG: I do not say that those problems are not important, but they are also important for 1983. They can wait a year and a half; they do not need to occupy the attention of the social forces at a time when the country needs stability and concentration of its efforts. However, I continue to have grave doubts as to why elements of discord keep cropping up when our efforts should be devoted to overcoming all divisiveness and trying to unite all our wills to the maximum to help our country progress.

Cl6: What explanation do you have for this?

FG: I have none, to be truthful. There is a sophisticated answer and one which is less sophisticated; I accept neither. The sophisticated answer says that the policy of socialist responsibility is such that the PSOE has more credibility in public opinion and, therefore, it was necessary to shatter that image of understanding to overcome the major problems, and we are covering up the objective weakness of our government team for which we are responsible. Then, there is another less sophisticated explanation: That the government cannot stand the pressure being put upon it from abroad.

Cl6: Is there not a third explanation? That they cannot govern with their own party divided and with opposition from within?

FG: That would place a lot of responsibility on the UCD. For many months I have been saying that the UCD should straighten out its affairs. That it is important for Spain that it do so. How will this be done? That is not my problem, but it is obvious that the UCD cannot hide its responsibilities by provoking groundless confrontations. With NATO, private television and the subject of rapeseed, it might have adopted a position which would pacify the country until the end of 1982.

Cl6: But could not UCD's internal problems begin to affect everyone?

FG: Certainly, but democracy has certain rules which must be respected. One of those is not to play pim-pam-pum in terminating one government to promote another without respecting the people's will. By a majority of votes the people have chosen a UCD regime which is to govern from election to election. When it is time for the next elections, the people will be able to evaluate the results obtained by those in whom they placed their confidence. I must not act otherwise, for I cannot meddle in the internal problems of another party.

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Cl6: In your opinion, what is at the root of Calvo Sotelo's haste to enter NATO?

FG: I find no explanation. It is an obscure discussion in the eyes of the citizenry, in which they are hearing the strangest things. For example, when it is said that no country submitted to a referendum. But that was in 1949. Spain's present situation is different, and the people are divided. That is why we are requesting a popular opinion. For a referendum can be held, no matter what they say. And perhaps the safest thing is to hold it. The UCD will then be in the minority, but the Spanish citizens will say whether or not they want to be in NATO.

The Alliance has a historic logic which I would like to see changed, so that military blocs would disappear and true detente and an atmosphere of peace would follow. However, in the meantime, NATO and the Warsaw Pact are with us. PSOE's position is clear: we are not against it, but we do not want to enter NATO. Therefore, our campaign is not based exclusively on a negative approach but, rather, on the possibility of informing and consulting the people.

Cl6: What is the significance of the letter from the Soviet Embassy?

FG: To me the USSR's interference in Spain's internal affairs is intolerable. And in addition, the same style is always repeated: the domineering style which the Soviet Union and Americans use. For in that domineering style there is always a certain underlying threat which makes it more intolerable.

Moreover, the Soviet Union has never agreed that Western Europe should try alternative models of leftist government which might put their own model in jeopardy, the model they call socialism but which I call communism. It is more than clear that throughout the political struggle of the past 20 years in France the USSR has supported De Gaulle, Pompidou and, later, Giscard against the candidates of the Left and, in the last three elections, Mitterrand.

Is such evidence to be found in Spain? I have not seen it that clearly, for all in all, we have had only 4 years of democracy. But what is clearly seen is that the USSR's interference in Spain's internal affairs is damaging the position of the parties which do not want Spain's entry into NATO. It is a ploy which appears intended to make a campaign gift to those who want to enter NATO, using a negative argument: as the Russians do not want us to do so, it will be good to enter NATO.

Cl6: The PSOE congress is to begin within a month. Will a government program be prepared there as though the socialists will win the next elections?

FG: That congress will deal with the broad lines of a political, social, economic and cultural strategy, which is what an ordinary party congress should do; and not, in my opinion, succumb to the temptation of discussing all the problems which would be incorporated in a program of government action. Later, through representative conventions and meetings of the organization, it will be necessary to deal with each of the aspects programmed for possible government action in addition to what has been accumulated throughout the years.

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I am reluctant to speak of the next congress, for, as I am now secretary general, I do not want to condition the delegates in their options or thinking. However, by definition, there is no doubt that there will be no other ordinary congress before the general elections. Thus, we shall consider the hypothesis that the party might take over the reins of government. And that, more than anything else, should mark the sense of responsibility the delegates feel toward the citizenry. It should be such that when it is said that a certain thing should be done, there is no doubt that it can be done; so that we do not indulge in theory until the end of the century.

Cl6: Will the congress mark the passage from Marxism to social democracy within the PSOE?

FG: I do not think so, because, among other things, such polemics are rather groundless and are not the polemics of the true citizens...

Cl6: Will the congress tone down the difference in opinion held by radical members and a moderate leadership, as sometimes mentioned?

FG: There are two or three comments frequently heard: that the bases are more radical than the leadership, that the party has no skilled personnel, how will they govern, and the like. The people--and the socialist bases are people, industrious people--have many times demonstrated their strength and patience without, at the same time, failing to express their desire for change and their denunciation of the inequalities and injustices of this society.

It appears to me difficult to have valuable opinions of that nature when part of the bases of the Socialist Party are represented in union activity within the labor movement, basically in the UGT [General Union of Workers], but also in the CCOO [Workers Commissions], and outside both union organizations. And when those bases are capable of making a wage agreement in solidarity with an employment policy, what more can be asked of that capacity for sacrifice?

Cl6: Socialization can be asked, as Ferrer Salat has said.

FG: Here the only element in the country which is hard and intransigent is a sector of the Right which wants to go on maintaining the inequalities. There are personages who utter dogmatic opinion regarding these evils, like Ferrer Salat, who says that the government is doing badly because it does not lean far enough to the Right; and that the Socialist Party, despite its moderation, would like to socialize society. Obviously.

If we had to wait for social changes by persons of that nature, children would still be working in the mines and we would not have an 8-hour work day but rather still one of 16, for it is never the right time to decrease hours, have more vacation time, cope with social welfare and share the national wealth.

That is precisely why there is a struggle in society. What is happening in Spain is that this social struggle now has a greater snare of civilization, of respect, I would say of truly admirable historic patience.

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Cl6: How do you think 1982 will be?

FG: According to the analysis made at the beginning, I see 1982 as a rather positive year. First, we have made an effort to strengthen the government by broadening its parliamentary and social support; second, we have urged that government to take the necessary action to resolve its problems and to come up with a program of action which will solve problems of state; third, we think the government should concentrate its efforts on crushing coup attempts and deterring violence.

I think of 1982--and I say this in all sincerity--as a year of tranquillity in which the Spanish people will devote their efforts to resolving their problems. The question asked now, in September, truthfully does not have the same answer; but there is still time, for the government has a program which has been agreed upon in all important areas.

But let it govern. If its party has problems, let it resolve them; let it still have political capital for that. We can pay a price: that of having aided a government whose overall policy is not the same as ours. But we are willing to pay that price for stability. For it is the government which pays the price for being firm and conducting the country's policy with steadfastness.

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